

2008-2009 CITY OF AUSTIN PROPOSED BUDGET July 23, 2008

### 2009 Budget Process

- Front-loaded budget process
  - Series of Council Worksessions
  - Interactive and collaborative
  - Provide earlier input
- Budget Development
  - Managing current year budget
  - Typical process of refining Forecast revenue and expenditure estimates
  - Department Directors provided early input and strategic options to balance the budget
  - Corporate wide saving opportunities

### 2009 Budget Overview

- Austin economy will grow, but at much more moderate pace
- General Fund is balanced
  - 40.28 cents tax rate, lower than current tax rate
  - Savings of \$20.6 million were required
  - Minimizes service delivery impacts
    - No employee layoffs
  - Continues Investment in Workforce

### **Outline**

- Closing the Gap
  - Savings
- Overview of 2009
  - Workforce Investments
  - General Fund Revenue
  - General Fund Departmental Overview
  - General Fund Reserves
  - Support / Internal Service Overview
  - Enterprise Fund Departmental Overview
- Recap Budget Schedule

### Closing the Gap

- Forecast Final Scenario
  - Total revenue of \$616.0 million
    - increases of \$22.7 million over 2008
  - Total expenditures of \$641.3 million
    - increases of \$48.0 million over 2008
    - Gap of \$25.3 million
- From forecast to proposed
  - Refined revenue projections
  - Refined expenditure projections
  - Determined amount of savings necessary to balance the budget

# Closing the Gap

(\$ mills)			
Gap at Forecast	(\$25.3)		
Revenue Changes			
Property Tax	(\$0.6)		
Sales Tax	\$0.0		
AE/AWU Transfers	\$2.1		
Fines	\$0.7		
EMS revenue	\$0.9		
All other	\$1.6		
Net Revenue Change	\$4.7		
Expenditure Changes			
Base costs changes	(\$0.4)		
Savings	(\$20.2)		
Net Expenditure Change	(\$20.6)		
Gap at Proposed	\$0.0		

### Savings

- \$20.2 M Savings Plan
  - \$6.8 M in General Fund Departmental Savings
  - \$9.9 M in Support/Internal Service Funds
    - Support Service Fund
    - Communications & Technology Fund
    - Public Works Transportation
    - Sustainability Fund
  - \$3.5 M in Corporate Savings
    - Pay for Performance of 2.5% for All Employees, implemented in December
    - Reduction in Travel/Training
    - Reduction in Awards & Recognition Program

# Investing in Employees

### Investing in Employees

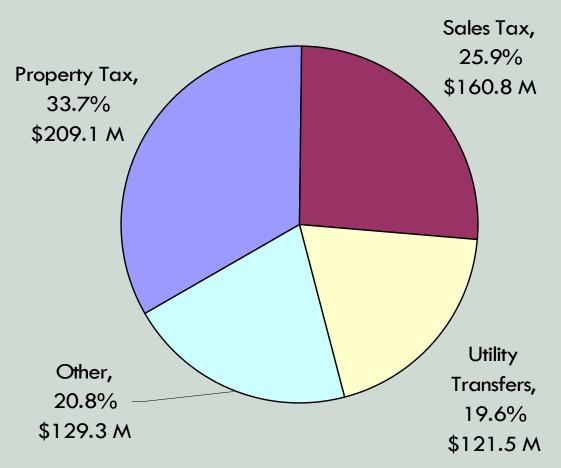
- Employee Base Pay
  - 2.5% for "meets expectations" for All Employees
  - December implementation
- 1% Service Incentive Enhancement Pay
- Continuation of Market Study Adjustments
- Health Insurance Increase of 7%
- Continuation of Bi-lingual program
- Continuation of Departmental Awards & Recognition
  - scaled back Corporate program
- Increases mileage reimbursement rate

# General Fund Revenue

### General Fund Revenue

#### 2009 General Fund Revenue: \$620.7 Million

( + \$27.4 M from FY08 )

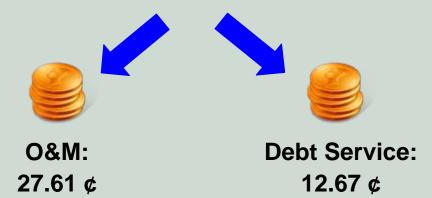


### **Property Tax**

- Proposed tax rate of 40.28 cents
  - o a decrease from current tax rate of 40.34 cents
- Assumptions for 2009 Property Tax
  - \$76.2 Billion Taxable Value
    - \$2.7 Billion in New Value
  - 11.2% increase over 2008 Certified
- Certification of Tax Roll to occur end of July
  - o tax rate will be re-calculated

### **Property Tax**

Proposed Tax Rate: 40.28 ¢

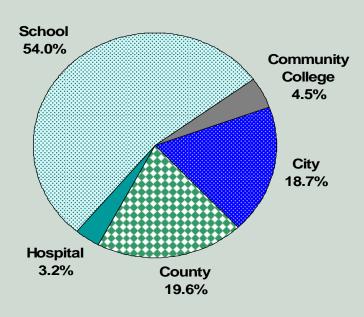


#### Tax Revenue

- O&M tax rate generates \$209.1 million for the General Fund
- Debt Service tax rate generates \$96.4 million for the
   Debt Service Fund to cover debt service payments
   related to our bond program and other debt issuances

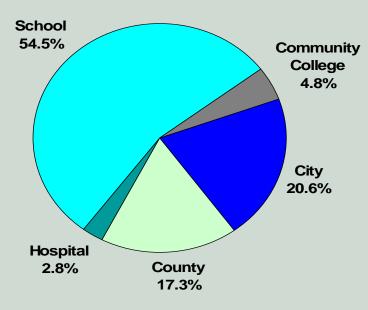
## Austin 2007-08 Overlapping Property Tax

#### **TAX RATE**



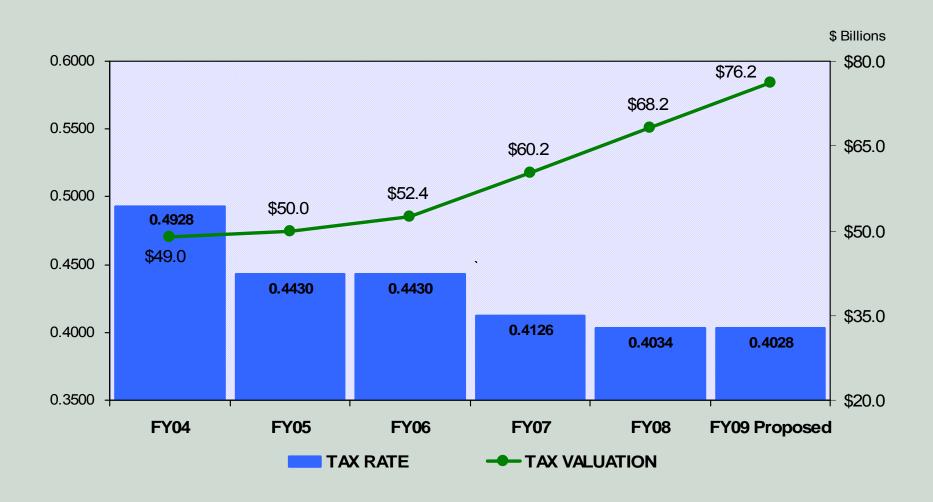
<u>Jurisdiction</u>	<u>Rate</u>	<u>Share</u>
City	0.4034	18.7%
County	0.4216	19.6%
Health Care	0.0693	3.2%
School	1.1630	54.0%
Community College	0.0958	4.4%
Total Tax Rate	2.1531	

#### **TAX BILL \$175,000 HOME**



<u>Jurisdiction</u>	<u>Bill</u>	<u>Share</u>
City	\$706	20.6%
County	\$590	17.3%
Health Care	\$97	2.8%
School	\$1,861	54.5%
Community College	\$163	4.8%
Total Tax Rate	\$3,417	

# **Property Tax**



### Sales Tax

- Austin has a higher reliance on sales tax than any other major Texas City
- FY08 Current Estimated Growth of 2%
  - \$156.2 M in sales tax revenue
- FY09 Projected Growth of 3%
  - o results in \$160.8 M in sales tax revenue
- Key economic factors
  - o rapid rise in basic commodity costs fuel, food
  - uncertainty of national economy

### Sales Tax



### Other Revenue

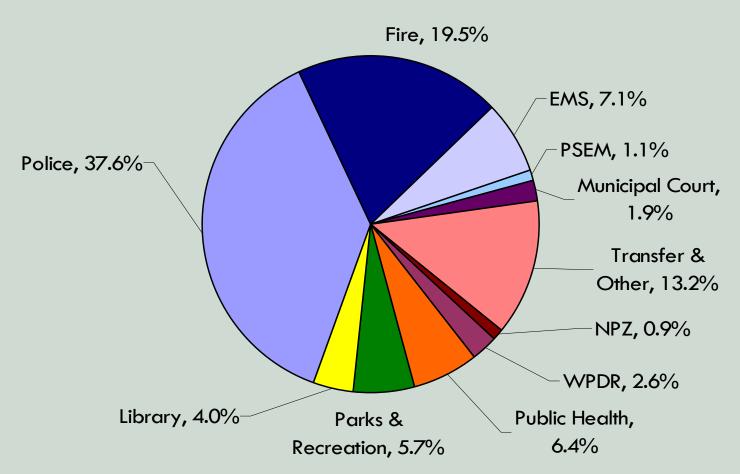
- Transfers from Utilities
  - \$95.0 M from AE based on 9.1% transfer rate
  - \$26.5 M from AWU based on 8.2% transfer rate
  - Represents 19.6% of Total General Fund revenue,
     consistent with the last 10 years
- Development Revenue flat compared to estimate of 2008 (current year)
- Minimal Adjustment to Fees
  - recovering costs of fuel, utilities

# General Fund Expenditures

### General Fund Expenditures

2009 General Fund Expenditures: \$620.7 Million

(+27.4 M from FY08)



# Expenditures

### FY 2009 Expenditure Changes (\$ millions)

Category	2009 Forecast	<u>Adjustments</u>	2009 Proposed <u>Budget</u>	Justification  * Pay for Performance
Personnel	\$17.0	(\$3.6)	\$13.4	* Health Insurance  * Market Adjustments
Other Departmental Costs	\$1 <i>7</i> .8	(\$4.9)	\$12.9	* 2.0 Officers  * Step / Longevity  * New Facilities  * Annualized Costs from FY 08  * Outside Conrtact Increases  * Inflationary Increases
Transfers & Other Requirements	\$13.2	(\$12.0)	\$1.2	* Communications & Technology * Solid Waste Services * Sustainability Fund * Workers Compensation * Liability Reserve * Economic Incentives
Total Estimated Changes	\$48.0	(\$20.6)	\$27.4	

# General Fund Budget Highlights

### **Police**

#### Proposed Budget \$233.2M

#### **HIGHLIGHTS**

- Adds 24 officers to address population growth
- Provides pay increases and benefits at same level for uniformed and non-uniformed personnel
- Funds department-wide restructuring
- Replaces universal hiring grant decreases with General Fund
- Reflects higher price of fuel
- Replaces 61 police cars

- Reduced overtime due to more efficient staffing policies
  - \$1.2 million
- Increased reimbursed OT rate
  - \$150,000
- Eliminate vacant commander position
  - \$175,000 and 1 FTE
- Deferred lease expenses
  - \$102,000

### **Fire**

#### Proposed Budget \$121.3M

#### HIGHLIGHTS

- Funding at current staffing levels
- Provides pay increases and benefits at same level for uniformed and non-uniformed personnel
- Continues funding for replacement of firefighter protective gear
- Reflects higher price of fuel
- Replaces 5 apparatus

- Increase vacancy savings to reflect recent staffing patterns
  - \$200,000
- Cadet class savings
  - \$350,000
- Reduce contractual & commodity costs
  - 0 \$100,000

### **Emergency Medical Services**

Proposed Budget \$44.1M

#### **HIGHLIGHTS**

- Continues funding for two roving peak demand units to address high call volumes
- Adds funding for medical supplies and equipment based on recent costs
- Reflects higher price of fuel
- Replaces 7 ambulances

- Increases vacancy savings to reflect current trends
  - \$600,000
- No planned cadet program in 2009
  - \$350,000

### Public Safety and Emergency Management

Proposed Budget \$6.7M

#### HIGHLIGHTS

- Funds consolidation of peace officers as part of Austin Police Department
  - Marshals
  - Park Police
  - Airport police
- Converts Office of Emergency Management to a division within Management Services

### **Municipal Court**

Proposed Budget \$11.9M

#### HIGHLIGHTS

- Funds Municipal Court and Downtown Austin Community Court operations
- Continues Project Recovery funding begun in 2006
  - Enhanced program for Class B public intoxication offenders
  - Gather performance data and evaluate program funding for 2010
- Continues funding for resources added in 2008
  - to handle increased court volumes
  - graffiti abatement

- Increase recovery of service collection costs consistent with new State law provisions
  - \$275,000
- Reduce spending for contractual services, materials and supplies
  - \$64,000

### **Health and Human Services**

#### Proposed Budget \$39.5M

#### HIGHLIGHTS

- Increases social services contracts by 3.5%
- Includes base cost increases
  - ARCH operations and maintenance
  - Salvation Army Women and Children's Shelter operations
  - Contract increases for free spay/neuter clinics
  - Adds admin support for food handler program
- Continues funding added in FY 2008
  - o graffiti abatement
  - food inspections

- Freezes vacant administrative position
  - \$66,000
- Bilingual pay costing less than expected
  - \$40,000
- Reduces spending for contractual services, materials and supplies
  - \$33,000
- Increases charges to grants for pilot immunization program
  - \$28,000

### Parks and Recreation

Proposed Budget \$35.8M

#### **HIGHLIGHTS**

- Includes funding for new and renovated facilities opening in late 2008 and early 2009
  - Austin Tennis Center
  - Dickinson Museum
- Funds additional maintenance operations for the Great Streets Program – Cesar Chavez
- Reflects higher price of fuel
- \$2.5 M in capital budget for Zilker Park Improvements

- Freeze vacant positions
  - \$968,000 and 24 FTEs
- Reduce General Fund funding by appropriately utilizing special revenue funds
  - \$296,000
- Reduce overall spending in contractuals and commodities
  - \$323,000

### Library

#### Proposed Budget \$24.9M

#### HIGHLIGHTS

- Improves library safety, cleanliness and quality
  - Reallocates \$420,000 in funding for security, custodial, maintenance services and materials at all libraries
  - Funding to be generated by savings from closing all branch libraries one day per week
  - Alternate closures on Thursdays and Fridays and pair locations in close proximity to minimize impact on library customers
- Preserves funding added in 2008 for books & materials

- Reduces employee travel and training
  - \$60,000
- Freezes one vacant purchasing position
  - \$34,000
- Reduces periodicals budget
  - \$44,000

# Watershed Protection and Development Review

Proposed Budget \$16.0M

#### **HIGHLIGHTS**

- Funds City's One Stop Shop for development services
- Preserves resources added in 2008 to address workload
  - Inspection and permitting areas

- Holds vacancies open slightly longer to generate additional savings without workload slippage
  - \$344,000
- Reduces one barricade crew for event management; 7 FTEs will remain in place
  - o \$133,000
- Reduces spending for contractual services, materials and supplies
  - 0 \$143,000
- Increases support of Austin Water Utility projects
  - \$191,000 to be funded by AWU

#### **Neighborhood Planning and Zoning**

Proposed Budget \$5.5M

#### HIGHLIGHTS

- Funds 2 neighborhood ombudsman positions to enhance neighborhood planning capabilities
- Includes funding for:
  - New Comprehensive Plan
  - Downtown master plan and design
    - District-specific plans
    - Downtown parks plan
  - TOD station area plans
  - Regional memberships

- Charge staff time to various planning project budgets
  - \$223,000
- Reduces spending for materials and supplies
  - 0 \$45,000

# General Fund Reserves

### Reserves

Reserve Policy Summary			
	2009		
Contingency of 1%	\$ 6.0 m		
Emergency	\$40.0 m		
Subtotal: "hard" reserves	\$46.0 m		
Budget Stabilization	\$20.9 m		
Total	\$66.9 m		
Use of Budget Stabilization Reserve			
	2009		
Beginning balance	\$31.4 m		
Less: Capital replacement and other critical needs	(\$10.5 m)		
Estimated ending balance	\$20.9 m		

### **Budget Stabilization Reserve Fund**

### \$10.5 M in Proposed Expenditures

- \$6.0 M for Vehicles
  - o 61 replacements police sedans, 12 new sedans
  - 5 replacement fire apparatus
  - 7 replacement ambulances
- \$0.6 M for IT replacement
- \$1.4 M for Departmental Items

Flashover Chamber Rescue apparatus

Bullet Proof Vests Cardiac Monitors

Pool Equipment

Animal Shelter Equipment

\$2.5 M for Retirement Contribution

# Support / Internal Service Fund Highlights

### **Support Services**

Proposed Budget \$67.4M

- Provides central support services for City
  - Largest functions include:
    - Financial Services
    - Human Resources
    - Law Department
- Savings Plans
  - Holding vacant positions open
  - Other spending reductions (contractual services, materials and supplies, travel and training)
- Preserves funding for critical internal control positions added in 2008

## Information Technology

### Proposed Budget \$32.2M

- Annual IT budget development with all departments and centralized IT procurement helps align IT standards
  - Volume purchasing helps reduce costs
- 2009 budget funds:
  - Maintenance of software and hardware systems
  - Most critical capital upgrades and replacements
- Focus in 2009 on completing existing CIP projects
  - Work to continue on Web Site redesign
- IT project review process planned in early 2009 to assess, evaluate, plan and prioritize technology needs across City
  - IT "best practice"
  - Weighs priorities & funding city-wide

### Fleet Services

### Proposed Budget \$45.7M

- Pursue efforts to promote fuel conservation
  - Vehicle utilization analysis
  - Anti-idling policy
  - Evaluate fuel hedging
  - Driver education and awareness
- Continue progress on the Austin Climate Protection Plan
  - Purchase fuel-efficient alternative fueled vehicles and hybrids
- Less dependence on fossil fuels
- Maximize vehicle availability
  - 95% or higher
  - Adherence to vehicle maintenance schedules

# Enterprise Fund Budget Highlights

### **Austin Energy**

Proposed Budget \$1,379.7M

#### **OPERATING**

- \$1.3 billion projected in service area and other revenue
- No base electric rate increase included in 2009 budget
  - No increase since 1994
- Costs will increase due to higher fuel prices
  - Natural gas and transportation of coal to Fayette
- 37.5 new FTEs
  - Customer demand
  - Implement technology improvements

- \$1.0 Billion 5-year plan
  - \$347.5 million planned in 2009
- Projects will support power production and delivery of energy services
  - Additional generation peaking capacity at Sand Hill Energy Center
  - Power plant improvements
  - Transmission and distribution projects

### **Austin Water Utility**

Proposed Budget \$412.3M

### **OPERATING**

- Combined 7.0% rate increase
  - \$4.25 per month increase for average customer
- Adds funding and 20 new FTEs:
  - Water conservation
  - Engineering support to manage facility and pipeline projects
  - Long-range water supply planning
  - Business process improvement, safety training, revenue recovery

- \$1.5 billion 5-year plan
- Projects needed:
  - Meet growth in service demands
  - Improve system reliability
  - Comply with regulatory requirements
  - Relocate systems due to roadway improvements
- Major categories include:
  - Plant improvements
  - Transmission and distribution improvements
  - Rehabilitation of aging infrastructure

### **Drainage Utility**

Proposed Budget \$58.3M

#### **OPERATING**

- Drainage fees provide primary source of revenue
  - No rate increase planned in 2009
- Fee study planned in future to develop long-range strategy for utility funding of capital projects
- No new employees proposed in 2009

- Drainage master plan completed in 2001
  - \$800M in identified projects
  - Estimate of over \$1 billion in today's dollars due to rising costs
- \$95M funded thru 2006 bond program over 7 years
  - \$23M appropriated to date
  - \$10M proposed for 2009
- Other projects include:
  - Erosion control
  - Flood control
  - Water quality protection

### **Solid Waste Services**

### Proposed Budget \$66.6M

#### **OPERATING**

- Increase in rates needed in 2009 to cover cost of service
  - Fee structure continues to encourage recycling
  - No increase since 1997
  - Fee changes
    - 30 gallon: \$4.40 per month
    - 60 gallon: \$6.15 per month
    - 90 gallon: \$6.90 per month
- 17 new employees
  - Increased service area and customer growth
  - More workload in operations support
  - Higher case load in code enforcement

- No new appropriations proposed in 2009
- Master plan to be undertaken in 2009
  - Long-range outlook of operating and capital costs associated with Zero Waste Initiative

### **Public Works - Transportation Fund**

Proposed Budget \$43.2M

### **OPERATING**

- \$32.8M in revenue projected
  - Fees and meter revenue
- General Fund provides \$8.6M in funding for street maintenance
  - Same funding as in FY08, due to fiscal constraints
  - Increased costs will impact amount of lane miles maintained
    - FY08: 9.5%
    - FY09: 8.0%
- 3 new positions
  - Traffic calming studies

- \$9.4M for street improvements
- \$22.1M for street reconstruction
- \$1.6M for signals
- \$1.2M for sidewalks
- \$2.5M for bikeways
- \$600,000 for traffic calming
- \$850,000 for parking meters

### **Airport**

### Proposed Budget \$78.5M

### **OPERATING**

- \$93.5M in revenue projected
  - Airlines and concessions
- Cost per passenger projected to increase due to:
  - Slower growth rate in enplaned passengers
  - Increased operational costs
- 26 new employees proposed in 2009
  - Support services
  - Planning and development
  - Airport operations and security

- Major projects include:
  - \$72M for expansion of overnight aircraft parking apron
  - \$14M for roadway signage improvements
  - \$15M for telecom facility data improvements
  - \$10M for security upgrades
- Long-range plans beyond 2009 include expanding terminal and number of gates

### **Austin Convention Center**

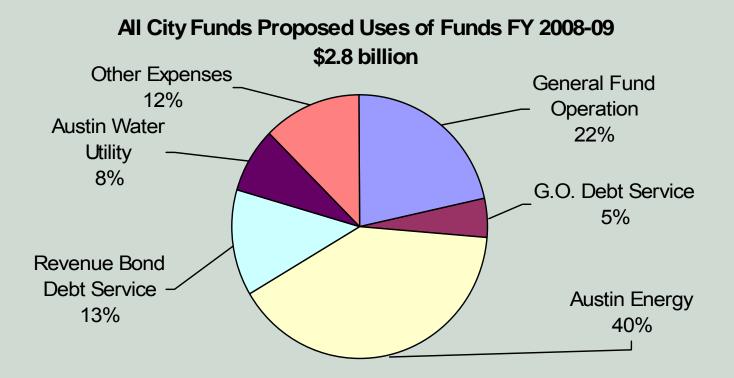
Proposed Budget \$69.1M

### **OPERATING**

- Growth of 2% projected for hotel occupancy tax and car rental tax
  - 4.5 of 9.0 cents of HOT tax goes to convention center
  - Car rental tax pays for debt service on Palmer improvements
- 20 new positions to enhance customer service
- ACVB to include funding in budget for historic preservation of downtown buildings

- \$11 Million contribution to CIP in 2009 for both Convention Center and Palmer Events Center
- Focus on updating facilities and aging equipment inventory
  - Retrofit and redesign Trinity
     Street entrance as "hub" for conventioneers
  - General repairs and renovations
  - LEED certification
  - Enhance and upgrade Palmer Events Center

## **Summary: All Funds**



# Summary: All Funds

2009 Personnel Summary				
	2008	<u>Change</u>	2009	
General Fund	5,464	47	5,510	
Internal Services	1,233	18	1,251	
Enterprise & Other	<u>5,540</u>	<u>101</u>	<u>5,641</u>	
	12,237	166	12,402	

# Summary: Capital Budget

2009 Capital Budget			
	New Appropriation	Spending Plan	
General Government			
2000 Bonds	\$11.9	\$35.5	
2006 Bonds	\$107.6	\$11 <i>7</i> .1	
Other Funds	\$21.6	\$76.1	
Enterprise Funds	\$831.8	\$749.4	
Total	\$972.9	\$978.1	

Wrap-Up

## **Key Dates**

July 24th

Set Budget Calendar

**AHFC Budget Presentation** 

August 7<sup>th</sup>

Budget Presentations: Public Works, Aviation, Solid

Waste Services, Austin Water Utility, Convention

Center, ACVB

**Budget Public Hearings** 

Discuss & Vote on Tax Rate

August 21st

**Budget Presentations: Watershed Protection &** 

Development Review, Neighborhood Planning &

Zoning, EGRSO, Austin Energy

**Budget Public Hearings** 

1<sup>st</sup> Tax Rate Public Hearing

### **Key Dates**

August 28th

<u>Budget Presentations</u>: Health & Human Services, Parks & Recreation, Library, Police, Fire, EMS, Municipal Court

**Budget Public Hearings** 

2<sup>nd</sup> Tax Rate Public Hearing

September 8<sup>th</sup>-10<sup>th</sup>

**Budget Approval Readings** 

### **Budget Questions and Answers**

- Answers to budget questions from Council & Citizens throughout the budget process will be provided in writing
  - By the Public Information Office via email
  - Posted on the Budget Office web page

http://www.ci.austin.tx.us/budget/cbq/index.cfm

Questions / Comments / Discussion